



K-12 Desegregation/Office of Civil Rights (OCR) Funding

Sean McCarthy

- A Brief History
- Finance scheme
- Inequity challenges



Intro

- \$4.1 billion levied for Deseg/OCR since 1986
 - 19 School Districts
 - More than half to Phoenix Union & Tucson Unified
- \$211 mil levied annually via primary prop taxes
- Not equalized by state; outside RCL
- Capped in 2009, not tied to pupils or inflation
- Not voter approved; no planned phase out

Desegregation is the most problematic inequity issue for K-12 finance



A Brief History

- Legislature passed SB 1077 (Laws 1985, Chapter 166), creating an exemption from the revenue control limit (RCL) for “expenses of complying with a court order of desegregation or administrative agreement” etc. Later changes resulted in the authority to exceed the capital outlay revenue limit.
- A.R.S. §15-910 (G-J), school districts may levy property taxes in excess of the state’s limits without voter approval if the district has either a court order of desegregation or an administrative agreement with OCR. This exemption from the limits may continue even after the court order is lifted or the OCR agreement expires. The levy amount was hard capped in 2009.

“...directed toward remediating alleged or proven racial discrimination”



History (cont)

- 19 school districts levy outside their budget limits for Deseg/OCR
- Only 2 districts ever had a court order to desegregate:
 - Tucson Unified School District (TUSD)
 - Phoenix Union High School District (PUHSD)
- Dozens of districts have had agreements with OCR- not just the ones who use the levy authority



History (cont)

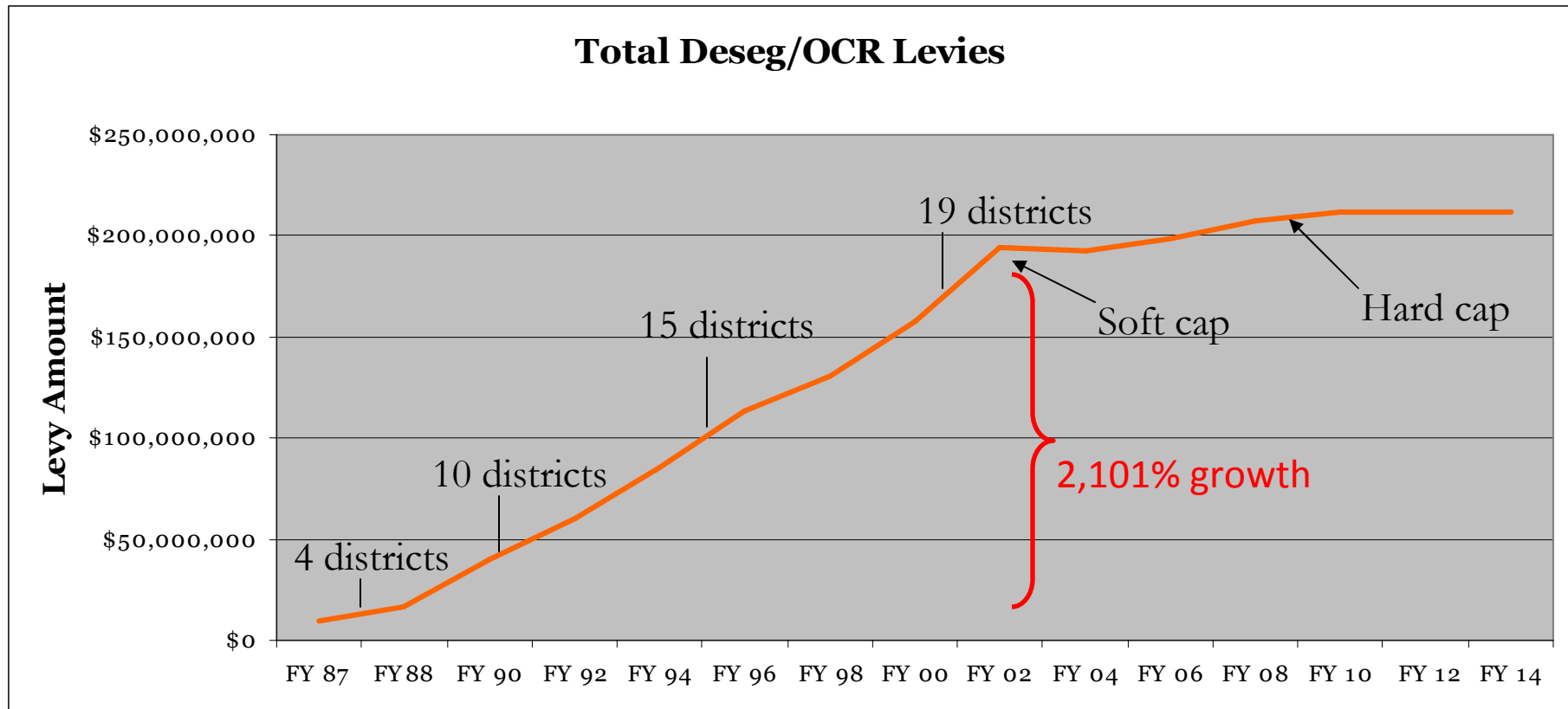
- A 1990 special study by the Auditor General found

“...some expenditures are clearly not related to desegregation orders and agreements.”

- Total Deseg/OCR levy in '90 for 10 districts: \$43 million
- 33 districts had an order or OCR agreement
- Recommended stronger accountability, separate reporting, and budget supplanting rules

“Arizona can expect continued growth in the amount of desegregation expenditures.”

Deseg Expenditure Growth



“If it means [use] desegregation funding to assist in our budgetary process, then that’s what we need to do”

*Yolanda Strayhand, Washington Elementary Board member
As quoted in The Arizona Republic following an override election failure, 2000*



Desegregation Tax Levies

| School District | FY 2015 Deseg Totals | TY 2014 Primary Rate | Deseg as rate | FY 2015 RCL | Deseg levy as % of RCL | ADM | Deseg\$ * /ADM |
|-----------------------|-------------------------|-------------------------|------------------|---------------------|---------------------------------|---------------|-------------------|
| Tucson Unified | \$63,711,047 | \$6.8021 | \$2.1225 | \$239,967,994 | 26.5% | 46,086 | \$1,382 |
| Phoenix Union | \$55,800,892 | \$3.4171 | \$1.3496 | \$141,275,843 | 39.5% | 27,060 | \$2,062 |
| Tempe Elementary | \$14,178,248 | \$3.3038 | \$1.1563 | \$52,607,708 | 27.0% | 11,226 | \$1,263 |
| Roosevelt Elementary | \$13,570,494 | \$4.3869 | \$2.7257 | \$44,249,659 | 30.7% | 9,551 | \$1,421 |
| Phoenix Elementary | \$11,151,530 | \$4.4773 | \$1.8667 | \$32,558,707 | 34.3% | 6,744 | \$1,654 |
| Mesa Unified | \$8,774,057 | \$4.9302 | \$0.3497 | \$312,208,054 | 2.8% | 60,210 | \$146 |
| Scottsdale Unified | \$7,382,169 | \$3.1091 | \$0.1694 | \$123,083,899 | 6.0% | 23,312 | \$317 |
| Washington Elementary | \$6,350,000 | \$2.9215 | \$0.5886 | \$105,669,590 | 6.0% | 18,331 | \$346 |
| Cartwright Elementary | \$4,628,061 | \$4.3281 | \$2.3292 | \$80,454,593 | 5.8% | 17,738 | \$261 |
| Glendale Union | \$6,131,959 | \$2.5904 | \$0.4649 | \$76,091,974 | 8.1% | 14,961 | \$410 |
| Isaac Elementary | \$4,951,155 | \$2.6025 | \$4.2686 | \$31,179,458 | 15.9% | 6,637 | \$746 |
| Amphitheater Unified | \$4,025,000 | \$4.3876 | \$0.2924 | \$68,823,015 | 5.8% | 13,759 | \$293 |
| Holbrook Unified | \$2,517,481 | \$3.7778 | \$5.4503 | \$12,302,062 | 20.5% | 2,037 | \$1,236 |
| Flagstaff Unified | \$2,241,322 | \$3.8502 | \$0.2171 | \$49,553,965 | 4.5% | 9,268 | \$242 |
| Wilson Elementary | \$1,946,054 | \$4.4554 | \$2.4673 | \$5,465,351 | 35.6% | 1,164 | \$1,672 |
| Window Rock Unified** | \$0 | \$0.0000 | \$0.0000 | \$12,513,895 | 0.0% | 2,056 | \$0 |
| Agua Fria Union | \$999,000 | \$2.9900 | \$0.1079 | \$36,109,498 | 2.8% | 7,605 | \$131 |
| Buckeye Elementary | \$1,701,402 | \$3.7761 | \$1.0608 | \$21,034,328 | 8.1% | 4,697 | \$362 |
| Maricopa Unified | \$1,291,000 | \$5.1646 | \$0.5596 | \$30,183,623 | 4.3% | 2,725 | \$474 |
| Totals | \$211,350,871 | \$3.7511 | \$1.4498 | \$77,649,117 | 14.9% | 15,009 | \$759 |

Statewide total \$211m in FY15

*FY14 M&O Equalization Formula only provided \$5,376 per pupil, JLBC

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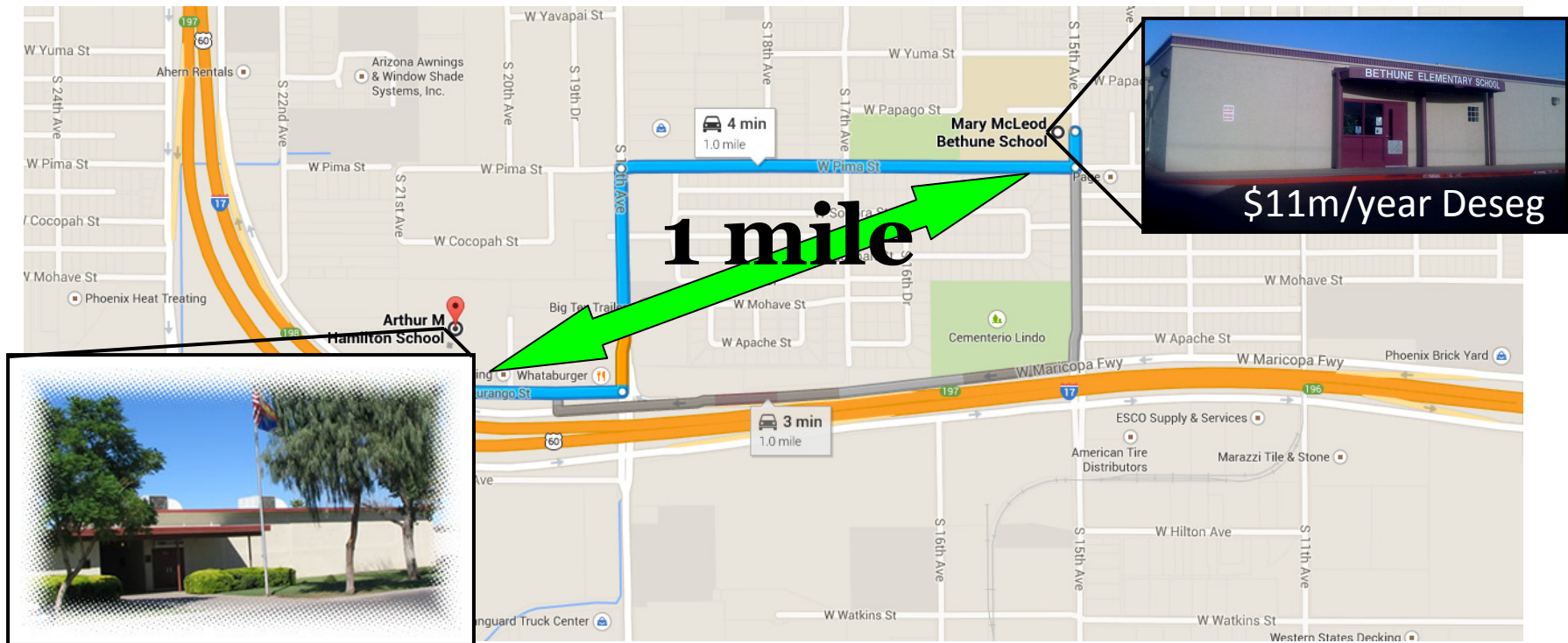
The taxpayer's watchdog for over 70 years



Examples of Inequity

Murphy El. District

Phoenix El. District



M&O Per Pupil: \$8,631
Stud/Teacher ratio: 21:1
Pri rate for education: \$1.43

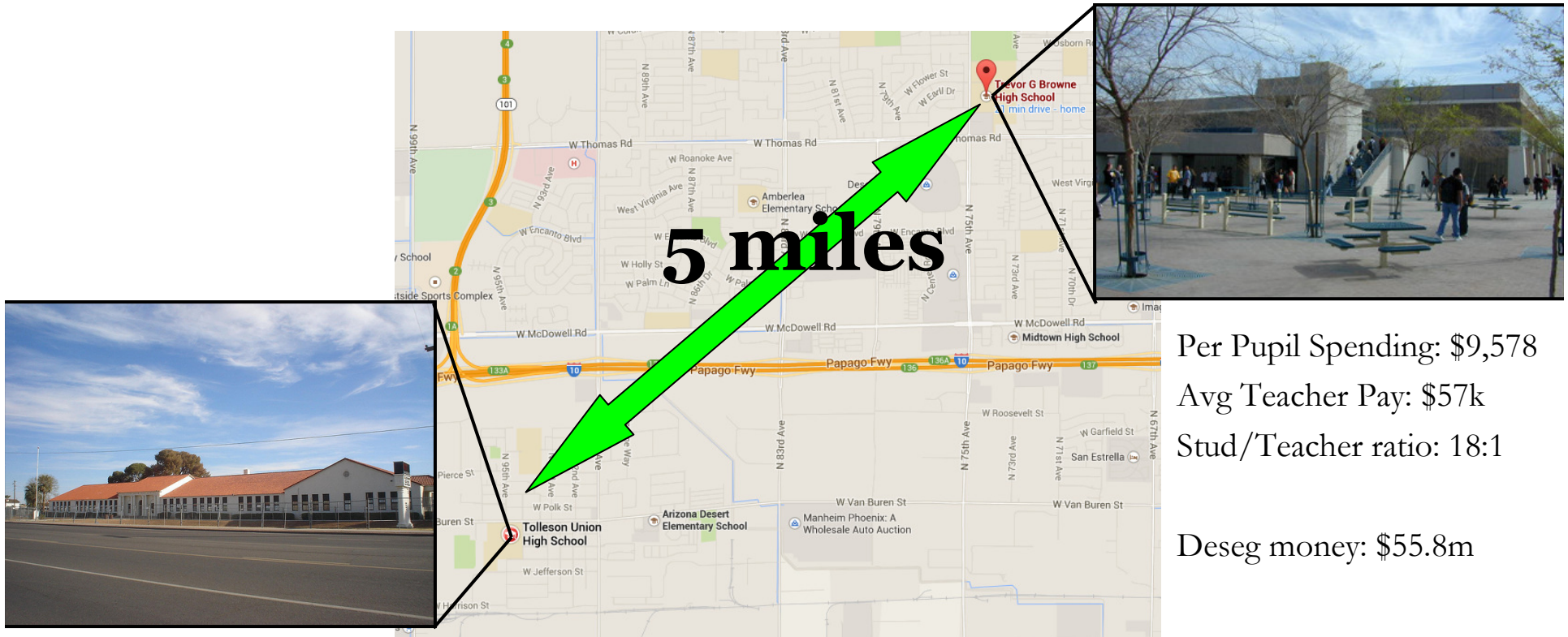
Per Pupil Spending: \$9,494
Stud/Teacher ratio: 14:1
Pri rate for education: \$3.95



Examples of Inequity

Tolleson Union District

Phoenix Union District



Per Pupil Spending: \$9,578

Avg Teacher Pay: \$57k

Stud/Teacher ratio: 18:1

Deseg money: \$55.8m

Per Pupil Spending: \$5,990

Avg Teacher Pay: \$42k

Stud/Teacher ratio: 18:1

Per 2013 Auditor General report & ADE Supt Report

The taxpayer's watchdog for over 70 years



Inequality in Elementary Districts

Isaac Elementary (west Phoenix) \$6 million in Deseg

- Spends 11% more per pupil than peer districts

Wilson Elementary (southeast Phoenix) \$2m in Deseg

- Spends 44% more per pupil than peer districts

Surrounded by districts without Deseg \$\$

- Alhambra Elementary (Northwest Phoenix, Glendale)
- Osborn Elementary (Central Phoenix)
- Glendale Elementary
- Murphy Elementary (West-downtown Phx)
- Riverside Elementary (Estrella Village)
- Balsz Elementary (East Phoenix)
- Creighton Elementary (East Phoenix)



Inequality for Large Unified's

- Scottsdale USD: \$7,570 per pupil (\$7.3 million Deseg)
 - Deer Valley USD: \$6,597
 - Cave Creek USD: \$6,900
 - Peoria USD: \$6,708
 - Dysart USD: \$6,862
- Mesa USD: \$7,706 per pupil (\$8 million Deseg)
 - Chandler USD: \$6,644
 - Gilbert USD: \$6,791
 - Apache Junction USD: \$7,081
- Tucson Unified: \$8,421 per pupil (\$63 million Deseg)



Phoenix Union vs Large Union Districts

- Phoenix Union: \$9,578 per pupil (\$58m Deseg)
- Glendale Union: \$7,879 (\$6.1m Deseg)
- Tempe Union: \$7,239
- Tolleson Union: \$5,990
- Yuma Union: \$6,625

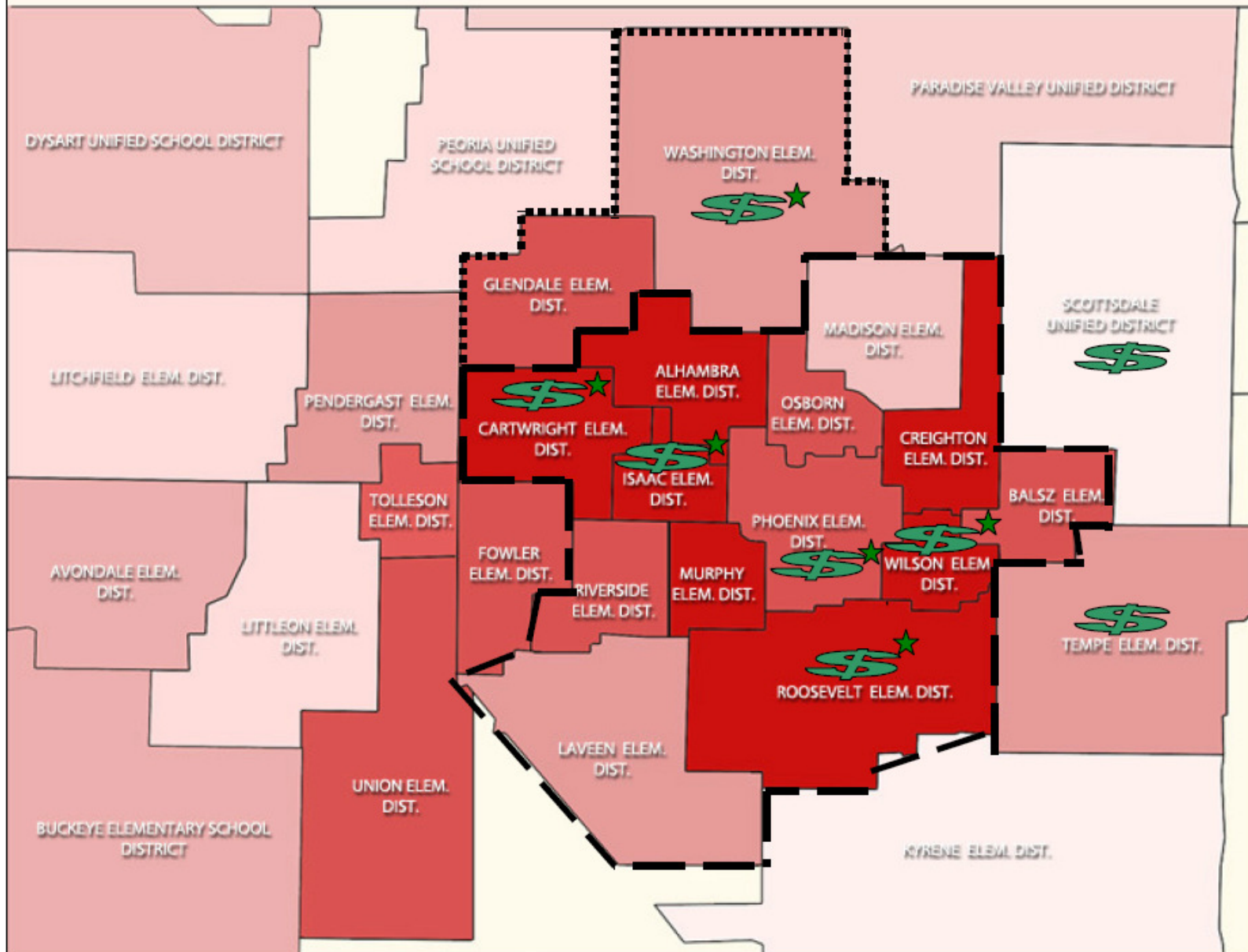
Phoenix Union no longer under court order;
declared unitary



Tucson Unified

- 1978: found in violation by federal district court of discrimination based on race and national origin
 - *Fisher, Mendoza, U.S. v. TUSD*
- 2008: District petition for unitary status approved
- 2009: Post-Unitary Status Plan approved by lower court, officially unitary
- 2011: unitary status revoked “failed to monitor, evaluate, and report” by 9th circuit
- 2013: Unitary Status Plan (USP) approved by court
- District plans to re-apply for unitary status 2016-17

STUDENTS ELIGIBLE FOR FREE OR REDUCED LUNCH IN MARICOPA COUNTY ELEMENTARY SCHOOL DISTRICTS



2011 data from AZ Department of Education.
Cronkite News Service Interactive map by Nicole Gilbert.

ARIZONA TAX RESEARCH ASSOCIATION



Questions?

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